

## Statement of Considerations

REQUEST BY CUMMINS ENGINE COMPANY, INC., FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER DEPARTMENT OF ENERGY COOPERATIVE AGREEMENT NO. DE-FC05-00OR22804; DOE WAIVER DOCKET W(A)-00-021 [ORO-754]

Petitioner, Cummins Engine Company, Inc., has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Cooperative Agreement No. DE-FC05-00OR22804. The scope of this work is to plan, develop and demonstrate advanced heavy duty diesel engine technologies to improve thermal efficiency and meet EPA proposed 2007 emissions of 0.2 NOx and 0.01 gm PM. This work is sponsored by the Office of Transportation Technologies, Office of Heavy Vehicle Technologies.

The total dollar amount of the contract is \$36.8M of which Cummins intends to contribute 50% or \$18.4M. The period of performance is five years starting July 2000.

The Petitioner has been developing, designing, and manufacturing diesel engines since 1919 and is currently the largest independent commercial producer of diesel engines greater than 200 HP. Petitioner manufactures engines with displacement 1 liter/cylinder and larger. Petitioner also has extensive experience in design, manufacturing, combustion technology, fuel injection equipment, charge air handling systems, materials research and emissions control technology. Thus, Petitioner's experience and expertise will contribute substantially to commercialization of the inventions made under the agreement.

Petitioner has a substantial financial investment directly related to the work to be performed under this agreement. Petitioner has funded several internal R&D programs to design, develop, and introduce into the marketplace state of the art Heavy Duty truck engines, such as the Signature 600 and ISX which has 2800 PSO Peak Cylinder Pressure Capability and 35,000 PSI unit injector fuel system. Petitioner has proposed to use the ISX engine as a base platform for the DOE program. Furthermore, assuming successful outcome of the proposed effort and if this waiver is granted, Petitioner will invest significant resources to implement these technologies in current and future products.

Petitioner has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent and data provisions, retention of by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.

Petitioner has agreed that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Petitioner can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Petitioner has further agreed to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Petitioner or other such entity receiving rights in any waived invention undergo a change in

ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Granting of the waiver should have little effect on competition since there are several competing technology options being applied to improve engine thermal efficiency and to lower emissions.

Grant of the requested waiver should serve as encouragement to other DOE contractors and subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the substantial level of cost sharing by Petitioner and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.

  
Emily G. Schneider  
Assistant Chief Counsel for  
Intellectual Property

Date: 10/23/00

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interests of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:

  
Thomas J. Gross  
Deputy Assistant Secretary for  
Transportation Technologies

Date: 5/11/01

APPROVAL:

  
Paul A. Gottlieb  
Assistant General Counsel for  
Technology Transfer  
and Intellectual Property

Date: 5-15-01